Sequa Petroleum

Company overview
Sequa Petroleum – building an E&P company from initial 15,000 bbl/d

- **Portfolio of quality oil and gas assets** with current cash flow, long term production and robust value growth

- **World class management team** with extensive leadership experience in IOCs and Service Industry, and experienced local management teams

- **Deal track record**, and the capacity to optimise acquired projects and pursue further growth

- Focus on **material discovered oil and gas assets** with near term production, cash flow and long term value

- **Leveraging current market conditions** to capture additional assets available at reduced cost

- **Access to low cost funding** supported by key shareholder Sapinda and additional strategic investors

Uniquely positioned to become a successful mid-cap European independent oil and gas company
Corporate overview

In summary

Sequa Petroleum is an oil and gas company established in 2013, with a focus on acquiring under-valued, discovered, material oil and gas assets with upside potential that already produce or can be taken quickly to production. The company is:

- A Netherlands registered company (NV)
- Currently listed on Euronext (Marché Libre); market cap: €491m (201.5m shares @ €2.44\(^{(1)}\))
- Its Managing Directors and Head Office are in London
- Offices in Kazakhstan and Norway, with strong local management teams, operational capability and assets
- Creating a strong delivery culture based on values, capability and teamwork
- Supported by Sapinda, a global investment group

Sequa Petroleum history

![Sequa Petroleum history timeline]

Remarkable achievements in a short timespan during a challenging period for the industry

Note:  \(^{(1)}\) as of 10\(^{th}\) December 2015
Leadership team

World class leadership team with proven international capability
Current portfolio – Norway and Kazakhstan

Portfolio acquisition on the Norwegian continental shelf

- Attractive upstream portfolio with interest in 4 large oil fields with total net reserves of around 100m boe net (2P) and current production with upside potential
- Material assets with production growth at a competitive price, providing limited downside and considerable upside
- The Tellus management team brings extensive technical and commercial expertise in Norway
- Financing of signed acquisition under way

Norway reserves, resources and production (per SPA)

Aksai - Kazakhstan

- 75% of Aksai license: 2,379 km² surrounding the super-giant Karachaganak gas-condensate-oil field in the Pre-Caspian Basin
- Initial 5,300 metre deep well drilled in 2014. Recently acquired seismic data being interpreted to evaluate well results, further key opportunities and options for the Aksai Contract area
- Licence extended until July 2018 to continue appraisal

Net Production from Norway Portfolio
As per RNB15 reports

Norway portfolio includes substantial immediate production, reserves and resources

Source: NPD
Tellus & Wintershall portfolio acquisitions in Norway

**Acquisition agreement in more detail**

- In June 2015, Sequa Petroleum agreed to acquire 100% of Tellus, which had already agreed to acquire a large asset portfolio on the Norwegian Continental Shelf ("NCS"). The purchase price agreed was US$ 602 million, a major transaction on NCS this year.
- The acquired portfolio includes interests in 4 substantial fields; Knarr and Veslefrikk are in production, Ivar Aasen is in project execution (first oil by late 2016) and the development plan for Maria has been approved by the government.
- The portfolio includes proven and probable (2P) reserves of c.60 million boe net to Sequa Petroleum (NPD reserves estimates). The production peak is expected to be 15,000 boe net per day.
- The transaction is expected close in early 2016, subject to consent from the Norwegian Authorities. The effective date for the transaction is 1st of January 2015 and the funding process is underway. Discussions are ongoing on the transaction structure in light of current market conditions.
- In October 2015 Sequa Petroleum signed an agreement with OMV to purchase their 0.554% stake in the Ivar Aasen field for NOK 21.5m effective 1 January 2015. The seller retains the tax balances for investments prior to the effective date.

**Reserves of major NCS fields starting production in 2015-2020**

<table>
<thead>
<tr>
<th>Field</th>
<th>Working Interest</th>
<th>Production Start</th>
<th>Peak Capacity Kbopd (yr)</th>
<th>Gross Reserves mboe</th>
</tr>
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<tbody>
<tr>
<td>Knarr</td>
<td>20.0%</td>
<td>Producing</td>
<td>70 (2016)</td>
<td>85</td>
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<tr>
<td>Ivar Aasen</td>
<td>7.02%</td>
<td>Q4 2016</td>
<td>65 (2019)</td>
<td>191</td>
</tr>
<tr>
<td>Maria</td>
<td>15.0%</td>
<td>Q4 2018</td>
<td>41 (2021)</td>
<td>182</td>
</tr>
<tr>
<td>Veslefrikk</td>
<td>4.50%</td>
<td>Producing</td>
<td>19 (2015)</td>
<td>25</td>
</tr>
<tr>
<td>Net total</td>
<td>-</td>
<td>-</td>
<td>15 (2016)</td>
<td>59</td>
</tr>
</tbody>
</table>

**Asset Locations**

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<th>Asset</th>
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Norway portfolio contains top quality material assets

Source: NPD
Acquisition agreement in more detail

- In October 2015, Sequa Petroleum agreed to acquire 15% of the Gina Krog license unit from Total E&P Norge AS, through its wholly owned subsidiary Tellus.
- On completion Tellus will pay c. NOK 1.4 billion pre-tax based on the latest operator cost estimates. Total will retain the tax balances related to Gina Krog investment prior to the effective date.
- Gina Krog is currently being developed by operator Statoil, with production expected to commence in 2017.
- Gina Krog contains reserves of oil, condensate, NGL and gas of in total 224 million boe. Production is expected to reach a peak of about 60,000 boepd.
- The transaction is expected to close in early 2016, subject to consent from the Norwegian Authorities, including the approval of Tellus as a new NCS player. The effective date for the transaction is 1st of January 2015.

Asset in perspective

- Significant incremental development opportunities and exploration potential. Three appraisal blocks and two prospects have been identified.
- The acquisition will leverage the cash flow generated through the producing fields that are part of the Wintershall package (Vesslefrik, Knarr).
- Potential for tariffs from future tie-ins to Gina Krog (e.g. Eirin field).
- Development project is well underway, managed by experienced operator Statoil. Development drilling is expected to commence 2H2015.

A further material asset which enhances the portfolio.
**Norway growth potential**

**Identified upsides and opportunities**

- Sequa Petroleum has identified several areas of upside to the planned acquisitions in Norway:
  - **Upsides within the portfolio**
    - Significant field upsides, with 3P of 118 mboe
    - Contingent resources and prospectivity estimated up to 61 mboe (risked)
    - Potential for reductions in development and operating costs
  - **Growth opportunities beyond the portfolio**
    - Sequa Petroleum is actively pursuing a number of accretive acquisitions
    - Such acquisitions will grow the short to medium term production profile, IRR, and reserves
  - **Financial optimisation**
    - The portfolio with production from the start allows tax optimisation
    - The purchase will be part financed with low cost debt instruments

**Norway E&P investment environment**

- **An attractive stable investment environment for E&P companies**
  - Strong government support for new independent Norwegian E&P companies
  - A tax regime that provides strong investment incentives
  - Regulation and government participation provides a high degree of transparency in E&P joint venture decision making
  - The NCS is an area with huge resource volume potential and low risks
    - The creaming curve of developed resources shows no flattening
    - The majority of large fields have historically out-performed initial development plans by more than 70%

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Norway portfolio will provide a robust platform for growth
Strategic Positioning

**Differentiation 1**

<table>
<thead>
<tr>
<th>Key advantage</th>
<th>Sequa Petroleum</th>
<th>Small independents</th>
<th>NOCs</th>
<th>Major IOCs</th>
<th>Private Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full range of oil company skill sets from reservoir to market</td>
<td>✓</td>
<td>?</td>
<td>✓</td>
<td>✓</td>
<td>?</td>
</tr>
<tr>
<td>Network of relationships across the globe</td>
<td>✓</td>
<td>?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Dedicated strategic investors and access to capital</td>
<td>✓</td>
<td>?</td>
<td>-</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Low cost base and fit for purpose mind-set</td>
<td>✓</td>
<td>✓</td>
<td>-</td>
<td>?</td>
<td>✓</td>
</tr>
<tr>
<td>Entrepreneurial culture</td>
<td>✓</td>
<td>✓</td>
<td>?</td>
<td>?</td>
<td>✓</td>
</tr>
</tbody>
</table>

- Clear and advantageous differentiation from other industry participants
- Strong combination of world-class E&P capability with Sapinda’s financial acumen and access to capital
- Fully localized business units that are favourably received by authorities
- Focused on material discovered oil and gas assets with near term cash flow and robust longer term value

A unique combination of attributes and focus on material discovered assets
**Strategic approach**

Differentiation 2

**Sequa approach:**
- Build portfolio with current and near term production and cash flow
- Expand to development and appraisal assets to enhance value growth and company materiality

**Conventional approach:**
- Companies are built from exploration over a long period with highly uncertain outcomes

**Focus on delivery of current and near-term production, cash flow, reserves and value**

Sequa Petroleum
Focus on areas where political / fiscal / commercial stability and geological prospectivity allow for stable high returns and growth. Top picks include:

- Selective NW Europe locations and in particular Norway (current SPNV focus area)
- Caspian Region and in particular Kazakhstan (current SPNV focus area)
- West / East Africa low cost conventional oil (future SPNV focus area)
Current downturn provides opportunities to accelerate portfolio and value growth

Market environment creates investment opportunity

**Market Environment**

- **Current low oil price environment**
  - The short term global oversupply (up to 3%) is caused by: shale oil, reduced growth in demand and maximisation of production from available capacity
  - For the first time in 30 years, there is limited spare production capacity left globally of only ~0.5 mbopd.
  - The resulting major capital investment reductions of ~$200 billion announced to date are creating a future supply shortage
- **Long term oil industry fundamentals support $80+ per bbl**
  - Every year more than 30 bn bbl of oil reserves is consumed, and global installed production capacity declines at 5-7% on average per annum
  - US shale oil installed capacity declines 10 times faster
  - Next decade requires development of >100 billion bbl of new oil supply, whereas <5 billion bbl is being developed from current projects and shale oil.
  - Mid and Long term average oil price has to exceed the average marginal cost of new supply ($80+ per barrel)
- **The current downturn in oil price provides an opportunity for Sequa**
  - Monetize top quality assets with potential upsides
  - Distressed companies and divestment programs of Majors
  - Reduced acquisition costs
  - Reduced development and appraisal costs
  - Reduced competition

**Capacity replacement global cost curve**

**Global production decline of producing fields**

**Average cost of new global supply**

- **Replacement supply will cost at least $80+ bbl**
- **Break-even oil price $/bbl @ NPV(10)=0**

Current downturn provides opportunities to accelerate portfolio and value growth
Opportunity pipeline

Potential near term acquisitions

- Norway: Several follow-on opportunities with high value, material reserves, and significant production within 2 years. Scope for further opportunities already identified.
- North West Europe: multiple opportunities, volumes including Norwegian assets of up to 30,000 bopd, 150m bbl.
- Kazakhstan: Strong local partner. Significant opportunities identified, currently up to 15,000 bopd, 60m bbl.
- Sub-Saharan Africa: Reviewing opportunities with local strategic JV partner of up to 10,000 bopd, 30m bbl.

Projection basis

- Material, quality opportunities are increasingly available at more attractive acquisition parameters.
- Focus is on rapidly increasing production, cash flow and reserves, targeting 30,000+ boepd by 2020, through value accretive acquisitions and portfolio maturation.
- A restored oil supply-demand balance and associated price recovery in 2016 rather than 2015 will facilitate the gathering of a very substantial portfolio of top quality assets.

Production growth projection

Sequa Reserves and Resource Growth

- Current ('15) • Acq-4 ('16) • Acq-5 ('16)

Building a balanced portfolio of reserves and upside resources

Sequa Net Production from identified growth opportunities

- Veslefrikk • Knarr • Ivar Aasen • Gina Krog • Maria • Acq-4 • Acq-5

Sequa Petroleum is uniquely positioned to become a successful mid-cap European independent oil and gas company.
Appendix
Norway licenses

**Knarr Field - 20% (producing)**

- The Knarr oil and gas field is located in the North Tampen area, 40km north of the Snorre field with the initial discovery in 2008 and Knarr West in 2011
- The field is operated by BG Group (45%) and other partners are Idemitsu (25%), and Dea (10%)
- The field is developed by subsea templates tied in to an FPSO and started production in March 2015. The FPSO (leased from Teekay) has a production capacity of 63,000 bbl of oil per day, and the water depth is 400m
- The oil and gas is produced from lower Jurassic sandstones in the Cook formation at some 3,800m. The proven and probable reserves in Knarr are 83 million boe according to the NPD website

**Maria Field - 15% (In development)**

- The Maria field is located in the Haltenbanken area of the Norwegian Sea
- Wintershall is the operator of the field (35% interest post transaction). The other partners are Petoro (30%) and Centrica (20%)
- The Maria development plan involves a subsea tie-back to the Kristin platform with two templates, two producers and one injector on each template with injection water from Heidrun and gas lift from Åsgard via Tyrihans
- Production is planned to commence 1st October 2018, peak production is expected to reach 41,000 boe per day and gross proven and probable reserves is 190 million boe according to NPD
Norway Licenses

Ivar Aasen Field – 7.02% (in development)
- The Ivar Aasen oil field is located in the northern part of the North Sea, northwest of the Johan Sverdrup field
- The partners are Det Norske (operator 34.8%), Statoil (41.5%), Bayerngas (12.3%), VNG Norge (3.0%), Lundin (1.4%)
- Sequa have signed an agreement to acquire OMV’s 0.554% for NOK 21.5 m concurrently with the Wintershall acquisition
- Production is planned to commence in December 2016 and Ivar Aasen will be developed with a 4 legged Steel Jacket platform
- Peak production is estimated at 65,000 boe per day and gross reserves are 189 million boe according to NPD

Veslefrikk Field - 4.5% (producing)
- The Veslefrikk oil and gas field is located in the northern part of the North Sea, about 30km north of Oseberg and was discovered in 1981 in the Jurassic Veslefrikk reservoir at depths of 2,800-3,200m
- Partners include Statoil (operator, 18.0%), Petoro (37.0%), Talisman (27.0%) and Dea (13.5%)
- Remaining reserves are 34 million boe according to NPD

Gina Krog - 15% (in development)
- Gina Krog is an oil and gas discovery located 250 km west of Stavanger and 30 km northwest of the Sleipner A installation. The water depth is 110-120 m.
- The development solution is a new steel platform and a storage vessel (FSO) for oil with a capacity of 850,000 barrels.
- The field was discovered in 1974 in the Middle Jurassic Hugin reservoir at depths of 3,300-3,900m. The field’s oil rim and gas cap will be produced sequentially, with gas to be exported to the Sleipner facility.
- Partners include Statoil (operator, 58.7%), Total (15%), PGNiG (8%), Det Norske (3.3%)
- Production is expected to commence in 2017 and oil production is expected to reach levels of around 60,000 bopd. After some 7-10 years the field will become a gas producer with peak production of around 8 million m3/d.
- The expected liquid reserves (incl. oil and condensate) is about 17 million m3, and NGL of some 3.3 million tons, whilst expected gas reserves are about 12.4 billion m3 (source: NPD website)
Norway Licenses – 2

Other licenses - (exploration)

- 10% in PL 611 with an exploration well on the Kvalross prospect planned to be drilled in the Barents Sea in 2015
- 40% equity in PL 457 in the Ivar Aasen area
- Working interests in five production licenses in the Maria area; PL 475 (10%), PL 475D (10%), PL 590 (5%), PL 590B (5%), and PL 638 (16%)
- PL 475 includes two gas condensate discoveries (Rodriguez and Solberg), potential future tie-back developments
- PL 316 (10%), which contains Yme where redevelopment facilities are being decommissioned using allocated abandonment credits
- The Gina Krog license unit contains a potential field extension to the northeast, as well as the Fanten lead and Rampen prospect

Yme (PL316)

- Yme (10%) abandonment using allocated abandonment credits

Gina Krog – Standalone development concept

Ivar Aasen - Jacket installation June 2015
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